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SPEECH OF ALBERT CLARKE BEFORE THE BOSTON
BOOT AND SHOE CLUB, JANUARY 22, 1896.

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A TWENTY-MINUTES' REVIEW OF THE ESTABLISHMENT
AND ABANDONMENT OF THE POLICY, THE GAINS WHICH
IT PRODUCED AND THE LOSSES CAUSED BY ITS OVER-
THROW — PRACTICAL SUGGESTIONS FOR MERCHANTS.

BOSTON, 1896:
PUBLISHED BY THE HOME MARKET CLUB.

In 1890 we entered upon reciprocal trade with certain countries which gave us advantages over all competitors. But in 1892 we sustained a bad fall. The policy was reversed and we have found the change expensive.

I hope that we can now consider means of recovery without prejudice. But this will not be easy for some. The word "reciprocity" has entered so much into the politics of the last six years that I am afraid it falls unpleasantly upon many ears. There is no accounting for some dislikes. Shylock, you remember, said that some men could not endure a harmless, necessary cat, without the serious disturbance of a bodily function. All my life I have been trying to avoid or overcome every unreasonable repugnance, and yet, when I was conversing with a neighbor, a few days since, about two of our friends who could not endure each other and seemingly for no good reason, I confessed that there was one man in Boston whom I had almost come to hate. "Who is he?" inquired my friend. "I don't know,"

said I, "for I have never seen him, but often when I call up a certain telephone number this man answers, in a measured and monotonous tone, and keeps repeating it, 'The line is busy. Please ring your bell.'" My friend was convulsed with laughter. "Why," said he, "that is no man at all. It is simply a phonograph answer that the operator connects with the phone." The joke was upon me and it was a good one, but I can't see now why the pleasant voice and quick utterance of a girl should not have been used instead. I hope that whatever is to be said hereafter about reciprocity will not seem hackneyed or phonographed but will come in dulcet tones and fall pleasantly upon all our ears.

An English Opinion.

In the winter of 1890 when the McKinley bill was pending in Congress and Mr. Blaine was trying to have engrafted upon it a reciprocity feature, most of its opponents commended him and said that reciprocity was good, because it was a step towards free trade. Many protectionists opposed it for the same reason. Both sides were mistaken. They did not understand what all have since come to see, that reciprocity and free trade are exact opposites, and that a free trade nation is powerless to establish favored trade relations with any other country. Lord Salisbury stated this with great force in his celebrated speech at Hastings on the 18th of May, 1892. "An important point," said he, "is that while nations are negotiating to obtain each other's commercial favor, none are anxious about the favor of Great Britain, because Great Britain has stripped herself of the armor and weapons with which the battle is to be fought. The attitude we have taken in regarding it disloyal to the glorious and sacred doctrines of free trade, to levy duties on anybody for the sake of anything we get thereby, may be noble but it is not business-like. If you intend to hold your own in this conflict of tariffs you must be prepared to refuse nations who injure you access to your markets." Or, to state the matter in the milder language that we prefer in the United States, a nation which has free trade has no bargaining power. Having

abolished all duties it cannot say to another country, "We will admit certain of your products free of duty, or at a lower duty, if you will admit certain of ours on similar terms." Therefore, the men who had been praising reciprocity and Mr. Blaine soon changed their tune, and a few weeks after Lord Salisbury made the speech from which I have quoted, all the free traders in this country denounced reciprocity as a "sham" and demanded its repeal.

Up to the time they were able to carry their policy into effect, President Harrison had negotiated, under the third section of the McKinley law, twelve reciprocal agreements, namely: With Brazil, with Spain, for the colonies of Cuba and Puerto Rico, with San Domingo, with Germany, with British West India colonies, including Trinidad, Barbadoes, the Leeward and Windward Islands, British Guiana, Jamaica and the dependencies, with Nicaragua, with Guatamala, with Costa Rica, with Honduras, with Austria-Hungary, and lastly with France.

These treaties were based almost wholly upon the principle of exchanging non-competitive products. For example, Brazil had coffee and rubber for export. We did not produce a pound of either, but were large consumers of both. We had flour, locomotives and agricultural implements for export. Brazil was obliged to import from some country her principal supply of these articles. Here was a case where the remission of duties was mutually beneficial. But in cases where two countries have similar products, each in abundance for its needs, a free exchange simply enables one to beat the other, according to its advantages in production. Abraham Lincoln illustrated this kind of exchange by saying that, if a bar of iron made in Pittsburg is sent to England, and a bar of iron made in England is sent to Pittsburg, the economic result of the transaction would seem to be that the cost of transportation is appreciably lost.

Gains With Reciprocity.

A comparison of our trade with the American countries with which we had reciprocity shows that in two years under that policy our imports increased \$37,839,512, and

our exports to them increased \$23,280,150. None of this increase interfered with or crippled the industries of either country, but reduced the cost of living and promoted the industrial development of both. I desire to quote in this connection a paragraph from the able speech of Hon. Warner Miller, recently delivered before the Home Market Club :

“ Mexico, the West Indies, Central and South America have a population of nearly 70,000,000, and a trade of over \$1,000,000,000. Nature has made possible the most profitable trade between North and South America. The raw products of the two hemispheres are dissimilar, North America producing materials belonging to the temperate zone, while Mexico, Central and South America and the West Indies produce everything found in the tropics. Exchange between such countries is a necessity for both. Manufactures thrive only in the Northern latitudes ; nature seems to have set the limits on the development of the great industries and confined them to the temperate zone. We require of our Southern neighbors all their raw products, such as sugar, coffee, hides, hemp, dye-woods, mahogany, etc. They need many of our food products and all our manufactures. Why should we not control this vast trade, both to their and our profit? We have not controlled it in the past, because we have not made it possible to carry on direct trade with those countries. Much of our trade with them has gone through English vessels, leaving a large share of the profit with them.”

Owing to the proximity and naturally friendly relations between those countries and our own, we ought to have enjoyed from the first, or at least for many years, a larger commerce with them than they had with more distant nations. The reason we did not was not owing to tariffs, but to the fact that while we were absorbed in the development of our own country, the already developed nations of Europe, being obliged to seek foreign markets, stepped in and possessed the field, and never doubted their ability to hold it until our reciprocity invaded their monopoly. So strongly were they intrenched that in 1893 the United States was able to supply Mexico with only 47 per cent of her imports, the Central American states with only 25 per cent of theirs, Cuba with only 33 per cent of hers, even

under reciprocity, and all South America with only $8\frac{1}{4}$ per cent of theirs. During the same time we were the best customers of Mexico, having taken 76 per cent of her exports, also of Cuba, having taken 90 per cent of hers, and we took from Central America 8 per cent more than we sent there and from South America $14\frac{3}{4}$ per cent more than we sent there. Since we abandoned reciprocity the figures show still more against us. Our exports to those countries have declined more than \$12,000,000 a year and we are subjected to an extra tax on non-competing goods, which is purely a tax on consumption, no part of which is paid by the foreigner, of nearly \$60,000,000 a year.

Reciprocity Should be Revived.

I submit that the time has come in the progress and development of our country when we ought to reverse these results. Our manufactures must more and more seek foreign markets. Those of Europe are glutted and those of Asia and Africa are already seized and partitioned among the European nations. The practical question is, how can we best reclaim what most naturally belongs to us? I think we need to do several things, both as a government and as enterprising merchants. As soon as possible reciprocity should be revived. As looking to that end and also as a means of good understanding afterwards, there should be a permanent commission to be composed of the ministers of these several countries at Washington. Recent advices from the capital indicate that this idea is already taking form, that all the ministers are favorable to it and that within a few days, probably, such a commission will be formed. The next essential to closer relations is regular lines of vessels, which the governments interested ought to aid, at least until they have gained an opportunity to be self-supporting in face of subsidized competition. A fourth important if not essential means is the Nicaragua canal. Following the opening of this great work there will naturally be many improvements for communication in the interior of all those countries. A fifth auxiliary would be an international bank, with branches in the several countries, and if there could also be a uniform and stable mone-

tary standard, no doubt it would do as much as anything else to promote close and profitable trade. The next and last essential which I will mention is one which appeals with peculiar force to all organizations like the Boston Boot and Shoe Club, and that is, organized and systematic efforts, conducted by the several industries, to secure the trade of these peoples.

The Bureau of American Republics, which did such good work during the brief period of reciprocity, issued in 1891, among its other valuable publications, a pamphlet of "Commercial Information Concerning the American Republics and Colonies," which gave many details of the tastes, habits and requirements of the people, the soliciting of orders, the granting of credits, the methods of packing goods for transportation, etc., all of which went to show that we cannot expect the trade unless we seek it, that it will not serve for the mere disposal of a surplus, but must be catered to by the manufacturer as well as the merchant, and that it cannot be very profitable in face of European competition until we can obtain it in large volume. Here, for instance, is a part of what was said about the goods required in Peru, Ecuador and Bolivia :

Merchandise in Demand.

Nearly all the boots and shoes worn here are of home manufacture, as the natives require peculiar shapes ; many of their styles are very elaborate. The Indians use very peculiar shoes.

Wood is very scarce. I should think fortunes could be made in the lumber trade with this country. A small wooden pole here costs forty cents, and wood for building purposes is very expensive. For this reason tables and chairs are expensive, and I should think money could be made in the furniture business.

American watches are held in high esteem. Much petroleum is consumed, foreign stearin candles, and enormous quantities of alcohol. The latter trade is the principal industry of Bolivian merchants. The Indians drink alcohol by the quart, and quantities are used for cooking on account of the scarcity of fuel. . . . The natives are very fond of small, cheap toys, such as monkeys on sticks, supple jacks, jack-in-the-boxes, and especially horses on wheels. Dolls are in great demand. Enormous prices

are sometimes paid for them. The other day a merchant refused \$60 for a doll, the price of which he said was \$80. . . . Dolls are either blondes or negroes. I have not seen one brunette doll in Bolivia. The little Indian children love to carry about pretty little yellow-haired dolls on their backs, as the mothers do their babies.

Cheap, gaudily colored lithographs and chromos are in great demand, especially those representing religious subjects. If a picture contains a likeness of the Devil carrying a soul to hell, or a lot of people in purgatory, it sells very well. This would be a good market for rubber blankets and rubber pouches, but I do not think rubber coats would sell well. Cheap wall papers are in great demand, especially those having bright, flowery designs. Besides the above, a good market would be found for cheap gilt picture frames, cheap mirrors, and in general for articles usually found in a "five-cent" store in the States.

This, however, is only one sample. The customs of the people vary, far more than our own, in the different countries and in different parts of the same country. There are many cities and towns in which as elegant styles and as fine goods are demanded as are called for in the cities and towns of North America. The refinement already established is sure to grow and spread. Coupled with the great natural wealth of all these countries, it opens a most inspiring prospect to the friendly eye of commercial enterprise.

Much stress was laid by all authorities cited in the book referred to on the importance of sending commercial travelers who are familiar with the Spanish language and who may have authority to grant credits. The credits must be long, owing partly to custom, partly to small capitals in trade, and partly to the great length of time required in transportation. The trade must be nursed and developed in every way. To do this patiently and effectively is perhaps more than one house, unless very large, would care to undertake. Several firms should unite, or better still, a club or association of a whole industry. In this way we can gradually gain the market at a comparatively small cost to individuals and with greater results.

Opportunities for the Shoe Trade.

Of all our great industries, I do not know another so well situated to pioneer this work as that of boots and shoes. The wonderful machinery, especially of the McKay and

Goodyear systems, which you have introduced, has completely revolutionized this industry in a generation. Most of us remember when all the footwear of the people was produced in small shops, almost wholly by hand, and when it was said in a song :

"The shoemaker whistles, he hammers, he sweats,
He promises work to pay off his old debts.
'Next week,' he will say, 'If existence is spared,'
But when the time comes he is never prepared
In these hard times."

But now it is in your power to produce in six months all the shoes that the people of this country will require in a year, and competition has become such that profits are well nigh destroyed. Today you can sell for one dollar a better pair of shoes than Alexander or Cæsar ever wore, better in fact, than were ever worn by the proudest monarch of Europe four centuries ago. During the last four or five years you have produced styles enough, if not to satisfy the most exacting taste of civilization or barbarism, at least to prove that when you know their wants you can promptly meet them. Suppose you send some of your toothpick shapes to the mountaineers of Bolivia, and try them on. We can spare them but you are already warned that they are not going to take what we reject, unless it happens to please their fancy.

What Should be Done.

In conclusion—for I have already spoken at greater length than I intended—let us by a vigorous and timely assertion of the Monroe doctrine—not in an offensive and warlike spirit, but in the calmness of our imperial position—assure the fact that no European rival gains increased dominion on this hemisphere. Let us by law and treaty and commercial enterprise and friendly relations aid our sister American republics to make the best and highest developments of which they and their resources are capable. Let us have such exchanges with them as will be mutually beneficial and not injuriously competitive. Let us do all we can to cause the government of the United States to effectively promote those great peacemakers and money savers—the Nicaragua canal and regular lines of steamships. And finally, let us cultivate the habit of looking at large questions in a large way. Individuals, however strong, are puny in competition with nations. The true rule should be, not "let us alone," but let us unite, and let us employ every rightful agency to accomplish on a magnificent scale results which will be certain to shower blessings upon every interest, every section and every class.